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**Item No. 14.1.3**  
**Halifax Regional Council**  
**July 26, 2016**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed by 

**SUBMITTED BY:**

\_\_\_\_\_  
John Traves, Q.C. Acting Chief Administrative Officer

Original Signed by 

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Jane Fraser, Acting Deputy Chief Administrative Officer

**DATE:** June 28, 2016

**SUBJECT:** Award – RFP P16-052 – Leased Accommodations - Halifax Regional Police

## **ORIGIN**

This report originates with the pending lease expiry of Halifax Regional Police (HRP) Criminal Investigations Division (CID) current space at 1874 Brunswick Street. An evaluation of HRP's current accommodations and operational requirements identified a need for alternate premises. An RFP for the provision of new Leased Accommodations was issued to procure the required space.

## **LEGISLATIVE AUTHORITY**

Under the HRM Charter, Section 79, Halifax Regional Council may expend money for municipal purposes. Administrative Order #35, the Procurement Policy, requires Council to approve the award of contracts for sole sources exceeding \$50,000 or \$500,000 for Tenders and RFP's. The following report conforms to the above Policy and Charter.

Under the HRM Charter, Section 111(5), the Municipality requires Ministerial approval to enter into a commitment to pay money extending beyond the current fiscal year where the total commitment exceeds \$500,000.

The recommended action complies with charter section 61(5) a. The Municipality may acquire property, including property outside of the Municipality, which the Municipality requires for its purposes or for the use of the public.

This report complies with the Transaction Policy, as approved by Regional Council on October 8, 2002.

**RECOMMENDATION ON PAGE 2**

## **RECOMMENDATION**

It is recommended that

1. Halifax Regional Council award RFP P16-052, Leased Accommodations - Halifax Regional Police, to the highest scoring proponent, Dream Industrial REIT, and authorize the Mayor and Clerk to enter into a lease agreement as outlined in Table 1 and the Financial Implications section of the Private and Confidential Information Report dated June 28, 2016, subject to approval by the Minister of Service Nova Scotia and Municipal Relations.
2. Approve a budgeted withdrawal in 2017/18 (Year 1) in the amount of \$158,400 from the Provincially Funded Police Officers and Facility Lease Reserve, Q325 in 2017/18, as outlined in the Financial Implications section of Private and Confidential Information Report dated June 28, 2016.

## **BACKGROUND**

The Halifax Regional Municipality is committed to providing cost effective, high quality police services to its residents. Inherent in this goal is the provision of appropriate and economical accommodations for policing programs and staff. The Municipality intends to consolidate several existing police program offices located within the metro area to a more centralized alternate location to enhance its current service delivery.

HRP Criminal Investigations Division (CID) currently occupies 18,600 square feet of leased space located at 1874 Brunswick Street, Halifax. The term of this lease was for 10 years and will expire on April 30, 2017. HRP CID staff also occupy 2400 square feet of leased space at 10 Thornhill Drive, Dartmouth as well as additional staff accommodated at HRP HQ at 1975 Gottingen due to lack of available space at 1874 Brunswick. The current premises at 1874 Brunswick have become cramped and dysfunctional and no longer meet HRP operational requirements or newer policing standards. 1874 Brunswick also lacks parking which creates challenges for parking of HRP fleet vehicles.

A review of CID's space requirements determined that their space requirements were in the range of 20,000 – 25,000 square feet.

## **DISCUSSION**

To ensure continuing high levels of police service delivery in HRM, optimal value for money, and building performance, HRM issued an RFP for leased office accommodation to consolidate several Halifax Regional Police program offices, which includes terminating the existing leases at 1874 Brunswick Street and 10 Thornhill Drive. The objective of the RFP was to identify the best lease accommodations to provide these services.

The scope for the RFP included the following key requirements:

- Space must ready for occupancy no later than March 1, 2017. Landlord will be required to complete all necessary fit-up prior to occupancy.
- Landlord will be required to acquire and install furniture and workstations on behalf of HRM. All furniture selections will be made by HRM according to its corporate accommodations standards. The cost for acquisition and installation of furniture and workstations should be detailed in the pricing proposal and included in the lease cost.
- Ten year lease term with a renewal option for an additional 5 years
- Sufficient parking available on site to accommodate up to 80 HRP fleet vehicles on a daily basis
- Additional public parking must also be available nearby

- Premises must be accessible via Halifax Transit – bus stop within approx. 250m of premises.
- Tenant operation is 24/7 and will require continuous access to the premises and the operation of building services such as HVAC, lighting and elevators

The RFP was issued for a leased footprint of up to 25,000 square feet of turnkey office space located within 15 Km of HRP HQ at 1975 Gottingen Street. The RFP was publicly advertised on April 4, 2016 on the Nova Scotia Public Tenders website and closed on April 19, 2016, with proposals received from ten (10) proponents representing 13 properties, as follows:

- Universal Realty Group
- 20Vic Retail
- Cogir Management Corp.
- Dream Industrial REIT
- The Pace Group
- Jetco Holdings Inc.
- Dream Office (GP) Inc./CBRE
- Rank Incorporated
- Starfish Properties
- Armco Capital Inc.

The technical proposals for all 13 properties were reviewed by the evaluation committee, comprised of staff from Operations Support and Halifax Regional Police and facilitated by Procurement. Due to the high number of proposals, a scoring threshold was established for the technical proposals. The technical proposals that each scored more than sixty points out of seventy possible points were shortlisted for site visits.

The five shortlisted proposals were:

1. Armco Capital Inc. – 350 Horseshoe Lake Drive, Halifax
2. Dream Industrial REIT – 50 Garland Avenue, Dartmouth
3. Rank Incorporated – 60 Highfield Park Drive, Dartmouth
4. Starfish Properties – 18 Highfield Park Drive, Dartmouth
5. Dream Office (GP) Inc. – 236 Brownlow Avenue, Dartmouth

Site visits were conducted at each of the five shortlisted properties. Based on the site visits, the shortlisted properties were reduced to three. One property was eliminated as it was not large enough and the other was eliminated due to suitability and security risks.

The three remaining proponents were each provided with a list of questions following the site visits and asked to provide best and final pricing along with their responses. The responses and final financial proposals of the three proponents were evaluated. The successful proponent, Dream Industrial REIT – 50 Garland Avenue was both the highest scoring and the lowest priced of the three properties.

The final proposals from the remaining three proponents were evaluated and scored as follows:

Proponent	Address	Score
<b>Dream Industrial REIT*</b>	50 Garland Avenue	95.4
Armco Capital Inc	350 Horseshoe Lake Drive	91.2
Dream Office (GP) Inc	236 Brownlow Avenue	88.2

**\*Recommended Award**

A vetted report on this matter will be presented to the Board of Police Commissioners on July 25, 2016

**FINANCIAL IMPLICATIONS**

See Private and Confidential Information Report dated June 28, 2016.

**RISK CONSIDERATION**

The only identified risk is to operating cost and property tax increases. To mitigate the potential cost increases, staff propose to negotiate an expense cap which will limit the annual operating cost increases under the lease.

**ENVIRONMENTAL IMPLICATIONS**

There are no known negative environmental implications. By re-using as much of the existing leasehold improvements as possible, the amount of construction waste sent to landfill is significantly reduced.

**ALTERNATIVES**

1. Regional Council could require that the total square footage be reduced to further reduce the total lease cost. This is not recommended as the current area makes use of existing leasehold improvements, reducing the lease rate per square foot as well as reducing the amount of construction waste that would result from a complete renovation.
2. Regional Council could require that HRP remain in their current leased premises. This is not recommended as the existing premises no longer meet operational requirements.

**ATTACHMENTS**

Attachment A – Evaluation Criteria/Score Sheet

Attachment B – See Private and Confidential Information Report dated June 28, 2016

Attachment C – See Private and Confidential Information Report dated June 28, 2016

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A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.php> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

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APPENDIX A  
 EVALUATION CRITERIA/SCORESHEET

Criteria	Summary (considerations may include but are not limited to the following)	Score	Armco Horseshoe	Dream 50 Garland	Dream Brownlow
Communication Skills	Clarity and readability of written proposal	5	4.4	4.7	4.9
Team composition and experience	Sector specific experience of the Proponent Firm  Balance of level of effort vs. team roles (project mgmt., technical, etc.)	5	4.6	4.7	4.3
Understanding of the Municipality's needs	Understanding of the requirements of the scope of work  Acceptable proposed schedule and work plan  Value added propositions and recommendations  Attention to relevant challenges that the committee has not considered	20	16.2	18	18.2
Business/Technical Solution	Solution addresses all anticipated aspects of the project as identified in the RFP  Solution is flexible and scalable  Solution is cost and time effective in its use of the Municipality's resources	20	17	19	18

Project Management Methodology	Management structure within Proponents organization/project team  Proposed communication methods between proponent team and the Municipality  Quality Assurance standards and practices	10	8.4	9	8.8
Location	Ease of access and proximity to 100 series highways and both bridges  Location in relation to HRP HQ – 1975 Gottingen St.  Ability to isolate elevator(s) for HRP upon request  Security risk assessment of proposed location & building	10	10	10	10
Subtotal (Business/Technical Proposal)		70	60.6	65.4	64.2
Cost		30	27.6	30	27
Total		100	88.2	95.4	91.2